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PRESENTATION

Ygal Arounian - *Citigroup Inc., Research Division - Research Analyst*

People are rolling in, but we'll get started. Thanks, everyone, for joining. Ygal Arounian, and I cover Internet here at Citi. I'm here with Criteo's CEO, Meg Clarcken. Thanks so much for being here, and really excited for this.

Megan Clarcken - *Criteo S.A. - CEO & Director*

Thanks, Ygal.

QUESTIONS AND ANSWERS

Ygal Arounian - *Citigroup Inc., Research Division - Research Analyst*

All right. So let's just start, Meg, kind of you've talked about your 6-year plan kind of halfway through this, a little bit more than halfway, right? Why is Criteo so different now under your leadership? And kind of where do you go from here? What's important for investors to understand and not to be underestimated about the story?

Megan Clarcken - *Criteo S.A. - CEO & Director*

Yes, so I started at the end of 2019, I think. And Criteo was a single product company focused -- ad tech company that was focused on retargeting, so basically, serving you an ad and then serving it to you again and again and again until you've converted or interacted with that ad. But that business was in decline.

And so the job for me to do was to turn the company around and find a new set of opportunities for us with the assets that we have. And when I looked at the assets, it was amazing, Criteo is world-class, world-renowned for precision marketing or targeting, incredibly good at getting the right ad to the right person at the right time on the right device. They also have and have still 19,000 clients that really like the company and what we do.

But they had this nugget -- a couple of nuggets sitting in the portfolio that were doing retail media. And retail media back then was very, very nascent, very new. But as we did research, we saw that the retail media or the commerce media opportunity was a \$290 billion TAM by 2025. So that's one thing to take away, a \$290 billion TAM.

Ygal Arounian - *Citigroup Inc., Research Division - Research Analyst*

It's a big number.

Megan Clarken - Criteo S.A. - CEO & Director

It's a big number. It sits itself alongside search and it is bigger than social by 2025. And so we had this little asset that was able to create a platform play for retailers to bring to life their retail media opportunity, which was basically turning retailers into a publisher and selling advertising on their sites. And so that's the opportunity and that's what we chased down.

So the transformation has been to move the company from a point solution, a single solution, to a platform play that harnesses the retail media, commerce media opportunity for retailers or commerce players like Uber, who are looking to monetize the ad inventory on their site. And that's where we're laser-focused. And that's what the shift has been for us.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

Okay, great. So to your point, retail media is really turning into kind of one of the sexiest areas within digital advertising.

Megan Clarken - Criteo S.A. - CEO & Director

Sexy is like not a word I ever hear with retail media.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

Yes, but we have to find some word.

Megan Clarken - Criteo S.A. - CEO & Director

You have to find it, yes.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

That word here and there. So you described a little bit what retail media is. Can you talk about what Criteo does within the retail media landscape, like where you play your role?

Megan Clarken - Criteo S.A. - CEO & Director

Yes. So I will just jump back a few places here just to remind folks of what retail media is and then the broader commerce media. It's important. Retailers have got e-commerce sites now that attract very valuable audiences. And those audiences are valuable because they're shopping, they're commerce audiences. They know the product that they want and they've got money to spend. And they're close to the point of sale.

And so they've seen an opportunity to sell advertising to them on those sites. And that might seem like, well, I wouldn't -- surely, they've been doing that for 20 years, but they haven't. They've never sold advertising on those sites. And they don't know how to do it. They are not media players. They're not ad tech companies. They're retailers. They know how to do trade marketing and put ads into stores, but they don't know all of the tech and nuances about moving that across to a digital site, to an e-commerce site.

So what Criteo does is it supports that opportunity for them. So we have a platform play of which if you start at the center of what we're doing, it is lighting up sponsored advertising. So if you go to, let's say, Amazon, which is not our client, but Amazon, when you search something on Amazon, clocks, you'll get sponsored links of everybody who have paid to have their listing put first.

So all retailers now are doing sponsored advertising on their sites and then followed by display advertising, not necessarily in pictures. It could be in pictures, it could be in video, it could be just in links. And that's lighting up now on retailer sites. And it's driven by Criteo. So we do all of that ad inventory and ad serving for them. We do all of the targeting, making sure that audiences are coming to the right site to the right -- the right device to the right product with the right price point, all of that stuff we manage for them, so targeting across those sites.

And most importantly, we drive demand to their sites. So if a retailer, let's say, a Macy's, wants to light up advertising, there's one thing to put sort of display ads on the site. There's another to drive brands and agencies to actually buy that advertising inventory. And so we do that for them as well. So we drive demand, we drive the buying of that advertising for those retailers. And that's all part of our Commerce Media Platform.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

All right, great. There's a lot happening here. Next week, you have a really big product launch, Commerce Max, it's a DSP or demand-side platform. Talk about that product, what it is and why it's so important.

Megan Clarken - Criteo S.A. - CEO & Director

Yes. So Commerce Max is Criteo's demand-side platform. And what you'll see us doing is we're putting in these building blocks that surround our commerce media, our retail media capability to create a bigger moat and to serve the retailers so that it makes them very sticky with us. And one of the ways that we serve them, of course, is to drive that demand I talked about before, to be the place where all of the buyers come through across their site.

So Commerce Max is one of those building blocks. It is a demand-side platform. It does two things. The first thing it does is it helps the retailer and it helps the buy, the ad buy, to not just buy on the retailer's site but to extend that to off-site as well across the open Internet. I'm going to use -- I'm going to give you an example of Best Buy, Sony and The New York Times.

So Best Buy is a client of ours. We do all of their on-site advertising. Sony is a client of Best Buy's and advertise on Best Buy. Sony and Best Buy know that actually just advertising on Best Buy is not going to get them the amount of -- the volume of audiences that they need to see the ad. So they partnered together to advertise off-site and New York Times might be a site that they advertise on. All of that is facilitated by Commerce Max.

What's important about what we do is that we do that across one single platform. And that's important because the data that we use to make those buys happen and to calculate whether or not there was a return on investment to get the best results for them is superior to anybody else because it's high fidelity across a single platform. That's one thing that Commerce Max does.

The second thing is very important, again driving demand through to retailers as retailers need to be seen by the agencies so that their inventory is bought. Today, if you're a buyer for an agency and you're representing Procter & Gamble, you'll see probably Amazon, you'll see Google, you'll see Meta, then you'll see sort of a couple of other DSPs and then you're lost. You don't see the retailers. They're so small or they don't appear in one place. It's just not easy for you to buy retailers' inventory.

And yet you know that retailers' inventory is very valuable. Because as I said before, its commerce audience is close to the point of sale. So what Commerce Max does is aggregate all the retailers. And we have 210 retailers today and some of the biggest retailers in the world. We aggregate them up so that they appear in a single line called Retail Media for the agencies so that it's very easy for the agencies to buy that inventory, again all of this driving demand through to the retailers.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

Okay. I think it's a good area to hit on one of the -- it's a good spot to hit on one of the areas we kind of get one of the biggest questions from investors. And that's what's the risk to this model? And one of the factors is -- one of the questions is often why doesn't a retailer do this themselves? Or why doesn't a brand go directly and work with that retailer? Why do we need the middleman?

Megan Clarken - Criteo S.A. - CEO & Director

Yes. So there's very few retailers who have actually successfully done this themselves. And you can sort of see the commonality between them when I tell you who they are. Walmart US is one of them. Kroger is another. Kroger just recently took all of this in-house and is doing it themselves.

If you think about those two players, Walmart US has been doing this for near on 10 years-plus. They have a team inside of Walmart, Walmart Connect, that are, I'm going to call it, a couple of thousand people, somewhere between 1,000 and 2,000-maybe-plus people these days doing that for them. And they've got a pretty successful retail media business.

Kroger, Kroger acquired 84.51, from Dunnhumby maybe about (corrected by company after the call) 8 years ago. And this is -- this company is an agency. I mean, they're a media company. They know how to do this. This is what they do. They're also over 1,400 people strong, 84.51. So they have the internal capability to do it.

Now they're very big, big companies, sizable, that have the capability to do it. And it's not about just building it once and letting it go. It's about having a team of people having a function within their organization of over 1,000 people that know how to do this all the time and have those relationships with brands and agencies. It's very difficult to do.

So for us, we're a platform, an agnostic platform, of which we can do all of that heavy lifting for you. And our clients have really valued the fact that we bring that to the table. It's funny, I was talking to a CEO last week of a very, very big retailer in Europe. And he said, "Look, Megan, I've got enough on my plate with my retail business, which right now is like we're working very hard over here. I know nothing about media and selling advertising. I'm not a publisher, I don't know anything about that."

What Criteo brings to the table is expertise in media, expertise in ad tech, relationships with agencies, all of that, that we sort of take for granted sometimes. But retailers have no idea, and I'm generalizing, some are very good. But this is what we bring to help them cut through that because they don't have to do it themselves.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

Okay, that's a very helpful answer. I want to go back to products. You also recently launched another product called Commerce Grid. I think that plays a role in retail media but also beyond for you guys. Can you just talk a little bit about Commerce Grid and why that's important?

Megan Clarken - Criteo S.A. - CEO & Director

Yes. So as I said, we're putting together building blocks in the ecosystem, which is retail media. The entire retail media space is right in its infancy right now. So this is important that we're market makers and we're putting these things together. If you think about our platform, if you like, as the sort of core capability of being the advertising -- the ad tech player for the retailers and publishers, so we're making sure demand comes to them and the ads are served and it's served to the right people and they've got the right datasets behind them.

Then the way to drive demand is through the Commerce Max, the demand-side platform across the top, which aggregates itself up to all of the agencies and brands as they can buy into this inventory. And the other way to do it is a catchall, is the SSP, the supply-side platform, at the bottom. That also aggregates all of the ad inventory, the display ad inventory from the retailers and all of the ad inventory of the thousands of publishers that we have in one place and has that available to the demand-side platforms to come through that way as well through what we would call a bottom.

And the way that we differentiate ourselves there through Commerce Grid is that because Criteo sees 1 trillion e-commerce transactions a year, we have access to so much commerce data right down to the SKU level. We know who's buying what where, what product they're buying, what they bought before, how much they spent, how much they're likely to spend. All of this commerce data, we can append to the supply.

So let me give you an example. To a New York Times or to a retailer, we can say that ad inventory, that sponsored or display ad on that page in that position is likely to attract audiences that have these attributes, commerce attributes. Therefore, that's the best place for you to spend your advertising dollars to get the best return on that investment.

And then as wildly, this is advertising next generation. Nobody else is doing anything like that. But our focus on commerce media and commerce audiences gives us the ability to do that all the way through the buyer journey to make sure that we get the right ads to the right people at the right time and the best results for our clients.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

Okay. A couple more here on Retail Media and then we'll move on to some of the other parts of the business, mostly follow-ups on what we're talking about here. So on all these things you're talking about that Criteo does, got a couple of other, let's call it, third-party networks within retail media that are your core competitors. What are you doing that they're not? And maybe the best way to kind of put it is, get an RFP, why is the client -- the retailer choosing Criteo versus one of your -- one of those key competitors?

Megan Clarken - Criteo S.A. - CEO & Director

Well, the first thing I would say is that we're agnostic. So we're not owned by an agency. We don't own any media ourselves. And so we're completely at the back end of that client. We're not competing against them in any ways. And that's usually a first cab off the rank. Do they compete against us? Or is there something here that makes us feel nervous about sharing our data with them?

The second would be our performance. So as I said right upfront, Criteo is a performance giant. We know how to get the right message to the right person. So our performance always stands out. And we'll do head-to-heads against different competitors to see how we shape up. And we're always very confident that we'll win those. So our performance is really important.

The third thing is the sort of stack of capabilities that we have. I sort of laid out a couple of them there, some of the big ones. But there are so many others that just are head and shoulders above anybody else's or just adds to the ability to seal a deal. Measurement, for one, our ability to provide closed-loop measurement and attribution and things that, unless you're on a single platform, you can't see what's going on down the buyer journey. So these capabilities are the next one.

The next one I'll call out is it's incredibly important. We call it network effects. And network effects can be that our 210 (corrected by company after the call) retailers, they all have the ability to feed into our product road map. We have client advisory boards that bring all of the best of them together to talk through what does -- because we're market makers, what is the next -- what do we do next? What do we go after next? And so we've got the sort of network effect of one building off the other.

And the really interesting network effect is that some of our clients actually have created relationships between them and speak between them about their businesses. And they're competing businesses. I mean, I have a client who's a consumer electronics brand one side of the world and one on the other side of the world. They don't compete, but they've become really good friends through this network effect of being on this platform, learning as they're going here, utilizing what we've got to offer. And this network effect has been really powerful.

So the other one is, as I've sort of talked about ad nauseam upfront, is this ability for us to drive demand, which goes to being agnostic. Because demand primarily comes through agencies in this world. And there are big holding companies that you need to be able to have equal relationships with them all in some way, shape or form and bring demand through all of these different relationships to the retailers. If you're owned by one of them, then you've just cut out all of the others. So our ability to drive demand has been really a huge benefit to us.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

Okay. On the growth opportunity, we're spending a lot of time talking about traditional retail. You mentioned Uber, who actually called you guys out on their earnings call. And that was -- that got a lot of attention from investors. And can you talk about the nontraditional retail opportunity presumably earlier but on that kind of like marketplace third-party delivery, where you are there?

Megan Clarken - Criteo S.A. - CEO & Director

Yes, there's a lot there. I talked before about the size of the total addressable market, the \$290 billion by 2025. And that speaks to a marketplace which is not just retailers, but what we call commerce media. And Uber is a typical commerce media player, so might some of the travel brands or the other delivery types. So there's so many services that are not retailers, but also see this opportunity as Uber have and Instacart have and others have to partner up or bring Criteo onboard to unlock it for them.

So we love the relationship with Uber. Uber, if you go to Uber Eats, you can see what I was describing before. You can see the sponsored links. You can see their display advertising in there. They talk it's a multiyear opportunity for us, and we hope for many more years beyond that. It's also the ability to expand out beyond the markets that we currently serve with them.

So there's a global opportunity here, and across different, what they call, surfaces as well or different screens that Uber is getting their content in front of. We see again this is a very nascent area. And for Uber, we just see a really massive opportunity for them to grow with us and for us to grow with them and expand it out to other Uber-type opportunities as well.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

Okay, great. And so we're talking really kind of big picture here over the next few years and that TAM. I just want to rein it in for a second. 2Q, you guys lowered your guidance for the full year. There's still some challenges within retail, within the macro. The guidance does imply a nice acceleration in the second half. Can you just talk about those factors? What are the factors in the macro? What are you seeing? And then what are the things that are driving that acceleration in the second half?

Megan Clarken - Criteo S.A. - CEO & Director

Yes. So the first half was as expected. What we saw coming into -- well, firstly, we've got a great business. Nothing here has changed in terms of our longer-term view and in terms of the relationships that we have with our clients and our clients ramping up at the speed that they're ramping up, everything is going to plan. So we're moving to plan.

What we said in the last earnings was as we look into data for July, we can see that there is improvement in the market around the macro. And so we're cautiously optimistic about what that means for the rest of the year. We see -- I said before in terms of the sales sort of data that we see, we see traffic data across thousands of sites. We see sales data real time across thousands of sites.

And what we see in that data is that the macro looks like it is improving into the third quarter, which is great news for everybody. It seems like there certainly was a decline in sales. So this is not us, I'm talking about the marketplace data that we see. There was a decline in sales in the second quarter. It seems that it's -- it looks like an uptick if you look at July and August data in terms of sales and quite a big uptick if you look in July and August in terms of traffic.

So certainly in the market, the macro looks better for (corrected by company after the call) the third quarter. So again, we're cautiously optimistic. For us, we've got product launches coming through, which certainly help us in the second half of the year, already baked in. But the strength of Max and Grid gives us even more opportunity. And we've got a better comp in the second half of the year as compared to the first and second quarter, compared to second half of last year.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

It's holiday in particular. Holiday was really tough in general, not...

Megan Clarcken - Criteo S.A. - CEO & Director

Yes, well, holiday is just starting. So for us, holidays are interesting because they're not -- we're a global company. So where it's a holiday somewhere, it's not a holiday in other places. But we'll see what happens to the holiday season. Because those sorts of sales and those programs are just starting.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

Okay. So let's shift, let's talk about Commerce Audiences. That was an area that outperformed in the second quarter. You raised your guidance for the full year. Can you talk a little bit about what the Commerce Audiences is and what -- why you're seeing that strength there?

Megan Clarcken - Criteo S.A. - CEO & Director

Yes. Commerce Audiences is -- when we presented at Investor Day last year, we sort of introduced this notion of Commerce Audiences as being us moving further up the funnel to help sort of mitigate what we were seeing at the bottom of the funnel through retargeting. Commerce Audiences is targeting as opposed to retargeting.

So retargeting gets you over and over again. Commerce Audiences makes sure it gets to a lot of you to try to capture an audience and retain that audience. So it's slightly different. If you think of the top of the funnel as being brand awareness, middle of the funnel as being sort of changing a decision sector to purchase and then bottom of the funnel being purchasing, Commerce Audiences sits in the middle towards the top.

Commerce Audiences is powerful because it's using, for the first time, our surfacing, I think I had talked about this earlier, our commerce data, the insights that we have on commerce behavior on people's spending behavior on what they bought before, what they're likely to buy next, off a whole bunch of different datasets that we have to bring sort of a really unique view of a target together for a brand.

If you think about a brand, in the past, what they've had access to is new moms. I want to buy new moms. And that set, you throw the net out very wide. But with the access to the data that we have, we can narrow that down to new moms in this geolocation who we know spend this amount, who have got a 2-year-old, that 2-year-old male. Like we can get it down to a very sort of granular view based on the data that we can append. And that's what Commerce Audiences is. So it's proving to be from the results really powerful, so hopefully going to continue down that trend.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

That's the retailer data that you're leveraging, correct?

Megan Clarcken - Criteo S.A. - CEO & Director

It's not always the retailer data. We have a shopper graph that comes from the 19,000 clients that we have. And we bring the best of what we can together.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

Okay. And we sometimes get asked how you're doing all this in a privacy-compliant way. So I just think it's worth spending a few seconds on that.

Megan Clarken - Criteo S.A. - CEO & Director

Yes, we -- I mean, we follow every single privacy law and obligation that there is out there. All of our data is consented data, all of it is salted and salt and peppered and everything that you can do to make sure that you can't deconstruct that data. And then it comes from with consent from the retailer and from the consumer as well. So we're paranoid about privacy as you can imagine.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

Great. Let's keep going here. So retargeting, the whole business, a few years back, it's going down to 25% of the business roughly by 2025, right? That was what you said at your Investor Day. First is Retail Media or Commerce Audiences cannibalizing any of the dollars, the advertiser dollars in retargeting? Or is it different budgets?

Megan Clarken - Criteo S.A. - CEO & Director

It's different tactics first. So retargeting is a tactic which we don't think is going away. When we put it to 25%, what we did was we accounted for an assumption around some nervousness from marketers that they might want to try other tactics because this one might be (corrected by company after the call) impacted by signal loss. And so we adjusted for that. But we also grew the overall size of the pie. So it went to 25% because it's 25% now of -- or in 2025 of a much, much bigger pie, which is focused on Commerce Audiences of targeting, targeting doesn't rely on third-party cookies, and Retail Media. So it's a smaller chunk of a bigger pie.

So it's not a cannibalization. I think I would definitely look at the portfolio as being a set of target -- sorry, a set of tactics that marketers take. And I would look to new money coming into digital advertising that is making that pie bigger overall. New money, meaning money coming from traditional advertising, from linear TV or other traditional advertising models. And new money, particularly in retail media, coming out of trade budgets. So as those dollars move from in-store into digital shelves, then that's a game changer.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

Okay. But you've talked about retargeting as being in secular decline. Why is that -- why that view? It feels like a lot of the signal loss -- we'll talk about cookies in a second. But a lot of signal loss has already happened. So we kind of cycled through that, still a tactic that works. It may be worth hitting on -- I think you talked about AI improvements that are helping retargeting. So why can't retargeting grow again? Or are you being conservative there?

Megan Clarken - Criteo S.A. - CEO & Director

I wouldn't say conservative, I would say cautious about it just because there's a lot of signal losses yet to come. 60% of Chrome is -- that's a big signal loss yet to come. We believe that -- well, we don't -- we know that we're ahead of this. We've been working on signal loss in Chrome now for the last 3-plus years with Google.

So we're -- they call it their sandbox. And we've been working with them to make sure that we and the industry are ready and helping them understand what it takes to get the industry ready for when they deprecate cookies. We're always going to be cautious about what that is because we're a year away from that happening. But it will happen on that date.

For us, we've sort of switched the focus a little bit here to knowing that we're in good shape because of the different tactics that we're using to represent cookies once they go away. We're switching the focus from that to looking at the rest of the market and looking to where we think there are weaknesses in ad tech and competition so that we're ready for potentially a market opportunity here to pick up where others have fallen away.

So it's a big shift, but I think it's an important one, is to say we're ready to go. It's -- we're still a good 12 months away. So there's a lot of things that can happen. But we're ready to go to -- for others, a lot of things that can happen. And we're watching now to see where the opportunity is coming out of this.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

Do you feel like the industry is better prepared for cookies? IDFA feels like it was a bit of a shock to the system. Do you think that can happen again with cookies? Or it's just been slower and a lot more prepared than...

Megan Clarken - Criteo S.A. - CEO & Director

I think it can happen again for cookies. I would say that knowing what we know -- we know a lot because we're working very closely on this one. We've done the right thing, which is to lean into it and learn from it and get ready for it and inform it versus stepping away and saying, "Hey, this isn't allowed to happen." Because it's going to happen. And we're going to be in front of it, which we are, and we're looking at the marketplace to see, "Okay, where's the opportunity here?"

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

And do you think that gives you relative edge when it does come, you've been leading in advertising from Criteo and you've been working with Google?

Megan Clarken - Criteo S.A. - CEO & Director

Absolutely gives us edge, yes.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

Okay. Let's just hit on AI a little bit broadly. What role does it play in Criteo? What role does it play in ad tech? How does it improve what you do?

Megan Clarken - Criteo S.A. - CEO & Director

For us, we have -- we've been working with AI now for 17 years. We have about 150 people working in the team focused on AI. We use AI in -- every part of precision marketing and targeting uses AI as its foundation to learn where to go next, just that's how it works. And so we've -- we're in very good shape when it comes to that expertise. What we said in the last earnings, and I'll just reiterate, where we're focusing our efforts in AI right now are three areas.

One is -- the first one is in just that and continuously improving the algorithms and the way in which we target and get to the right person. Performance is key in this industry that if you can get a return for the buyers and the sellers, you're in good shape. So it's all about making sure that we get performance.

The second area is in -- is advertising creative. We think that there's going to be a big opportunity to utilize gen AI to make sure that creative is able to work for the consumer and work in real time for the consumer over and above what it ever has done before.

So in other words, if you know the consumer -- and whenever I say that, I'm not talking about you, in particular. I'm talking about a group of people who may be this audience, I'm talking about an audience. If you know that audience and you know what their likes are, what their dislikes are, what's working for them, how they're interacting with an ad or on a page, you can change the creatives on the fly basically.

And being able to work really hard for our clients to make sure that the creative has attributes that helps it speak to the consumer in a way that doesn't get under their skin but actually has a result, a positive result, is something that gen AI can do. And that's ad tech of tomorrow using real-time data. And the beauty of what we have is we have such huge datasets that AI sitting -- gen AI sitting on top of that, able to change creative on the fly is absolutely doable for us.

And then the third area is in internal optimization. I think everybody is saying the same thing. It's obviously a good chance to make sure that every piece of technology that comes in the door, every partnership that comes in the door has a meaningful gen AI ambition or strategy behind it so that it can play into our playbook of fully utilizing it for optimization across our business.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

Okay. On the creative side, you don't play in the creative, you're not creating ads, right?

Megan Clarken - Criteo S.A. - CEO & Director

Well, we do. So we have ad inventory that we hold for our clients. And there's -- in the most simple -- I mean, the most simple, simple example, is you often see an ad that has a blank background. It's a chair that's got a white background. That's very common. Not one of ours, but you'll see it. If you imagine that you know enough about the possible consumer, the audience that might be seeing that ad at that time is that you can put a different background behind it on the fly, which speaks to them, which is in their mindset, in their psyche at the time to be able to actually resonate.

So I'm just giving you the most simple example. And so we load ads like that all the time. And the bottom line here is to we want to make advertising informative and likable and useful to consumers so that they keep supporting ads because ads are paying for the Internet, so we've got to make sure that they keep working. And we're going to get that right. And gen AI is a really good example of how we can put it, utilize it on top of the massive datasets that we have to make sure that we get ad creative really good.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

Got it. Okay, that's helpful. Want to see if anyone in the audience has any questions.

Unidentified Analyst

Just going back to something you said earlier, do you think there is an inherent conflict of interest for agencies to be involved in this space? I think because we've got...

Megan Clarken - Criteo S.A. - CEO & Director

I know where you're going.

Unidentified Analyst

But I mean, but you've got companies like Publicis that have got CitrusAd and Profitero and just -- yes, that was the question.

Megan Clarken - Criteo S.A. - CEO & Director

Look, I don't think there's a conflict of interest for them, for the agency themselves. But I think that the retailer really has to ask whether or not it's a conflict of interest to them for a couple of reasons, that they then basically discount themselves of having access to demand coming from all of the agencies. So now they're tied into one. So they missed this demand pull.

And secondly, if they're a retailer that is now basically funding an operation, which is part-owned the joint venture with another retailer, then there's a conflict. Now some may look at that and say, "Oh, I'm okay with that." But hey, that's a conflict that we've seen there's been a lot of question marks around.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

Any other from the audience? All right, I've got a few more, so 1.5 minutes left. At your Investor Day, you gave a range of margins, 28% to 32%. What's the difference in the low end and the high end? What do you need to do to get to the high end of that range?

Megan Clarken - Criteo S.A. - CEO & Director

Yes. So we have a program underway. It's not a -- it is sort of a way of working now in order to -- as we move our business from a single point solution to a platform play and scale the business as we plan to do, given the size of the opportunity here, finding a new -- restructuring our business so that we have the right people in the right place doing the right things is a big priority for us. So as we grow, making sure that we optimize our organization is something that we're doing at the same time. So that's the piece of work that we're doing now.

And it's all about making sure that, firstly, we're not doing anything that we shouldn't -- that we don't need to do. We're not duplicating. And for a company in transformation, it's pretty easy to move through a transformation, just load work on top of everybody. But we can't do that. We've got to take work away and make sure that we optimize. And in that optimization, we'll make sure that we can hold to the margins that we want to make sure that we hold to through that period of time.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

Got it. Okay. That's about all our time, but right at the buzzer. Thanks, Meg.

Megan Clarken - Criteo S.A. - CEO & Director

Great. Thank you.

Ygal Arounian - Citigroup Inc., Research Division - Research Analyst

Yes, that was great. Appreciate your time. Thanks, everyone.

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